



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Direct City Manager Regarding Finance Department Office Space and Authorize City Manager to Execute or Reject Necessary Contracts and Agreements

MEETING DATE: November 19, 2003

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council direct the City Manager regarding Finance Department office space and authorize the City Manager to execute or reject necessary contracts and agreements.

BACKGROUND INFORMATION: The City Council directed staff to relocate the Finance Department, and, after several options were discussed, it was decided the move should be into a portion of the Lodi Station Parking Structure.

Plans and specifications for tenant improvements to approximately 4,840 square feet of the Parking Structure were prepared and put out to bid. The City received the following five bids for this project:

| Bidder | Location | Bid |
|-----------------------------|------------|------------|
| Engineer's Estimate | | \$ 290,000 |
| McFadden Construction | Stockton | \$ 392,000 |
| Barham, Inc. | Ceres | \$ 394,993 |
| Diede Construction | Woodbridge | \$ 401,000 |
| McDonald Glenn Company | Manteca | \$ 415,989 |
| American River Construction | El Dorado | \$ 426,000 |

However, during the bidding process, the City received another alternative to consider for lease space. This alternative is a 8,500 square foot building located at 300 West Pine Street, commonly known as the Acordia Building (based on its current occupant). The owner, Russ Munson, approached the City as to any possible interest and/or use that the City might have in leasing it.

Both locations have advantages and disadvantages and these will be presented to the Council at the meeting. From a cost perspective, the move into the Parking Structure requires a larger expenditure of up-front capital, whereas the Acordia Building expense is primarily in monthly lease payments. Lease negotiations and details have been discussed with the City Council in closed session, as allowed by law. The anticipated stay at either location is estimated to be for at least four to five years.

Staff is asking for the City Council's direction to either finalize a lease for 300 West Pine Street and reject all bids for the Parking Structure Tenant Improvements or award the project to the low bidder, McFadden Construction, in the amount of \$392,000 and proceed with that move.

If the direction to move the Finance Department into the Parking Structure is maintained, an additional \$226,750 needs to be appropriated, in addition to the project remaining balance of \$281,000. This

APPROVED:


H. Dixon Flynn -- City Manager

Direct City Manager Regarding Finance Department Office Space and Authorize City Manager to
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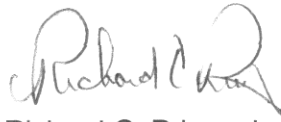
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covers the additional money needed for construction, contingencies, office systems furniture, moving expense, security system, and voice/data communications. If the option to move to the Acordia Building is selected, the balance of moneys appropriated to the Parking Structure project (\$281,000) would be applied to the one-time expenses (moving, etc.) and the balance transferred back to the operating account to be applied to lease payments.

As a part of the discussion with the City Council, funding requirements will be reviewed and a recommendation for appropriation will be presented.

FUNDING: Capital Outlay/General Fund

A handwritten signature in dark ink, appearing to read "Richard C. Prima, Jr.", with a stylized flourish at the end.

Richard C. Prima, Jr.
Public Works Director

Prepared by Dennis J. Callahan, Fleet and Facilities Manager

RCP/DJC/pmf

cc: Finance Director
City Attorney
Purchasing Officer
Wenell Mattheis Bowe, Larry Wenell

Finance Department Office Space Cost Analysis

| Item | Acordia Bldg | Comments | Parking Structure | Comments |
|------------------------------------------|-----------------------|-----------------------------|----------------------|---------------------------|
| Area: | 8,500 sf | | 4,840 sf | |
| Term: | 5 years | | 5 years | |
| One-time Costs | | | | |
| Tenant Improvements | \$ 119,400 | includes owner's 20% markup | \$ 392,000 | low bid received 10/21/03 |
| Voice/Data Communications | \$ 35,000 | | \$ 25,000 | |
| Office Systems Furniture | \$ 35,000 | rough estimate | \$ 37,100 | quote for actual layout |
| Moving Expense 33 pers @ \$150 | \$ 4,950 | | \$ 4,950 | |
| Security System | \$ 2,500 | | \$ 2,500 | |
| Contingencies 5% | 9,800 | | 10% 46,200 | |
| Subtotal: | <u>\$ 206,650</u> | | <u>\$ 507,750</u> | |
| Annual Costs | | | | |
| Rent Payments (first year) | \$1.20 /sf \$ 122,400 | | \$0.28 /sf \$ 16,262 | |
| Additional for amortized TI's | \$23,880 | | | |
| "Triple Net" - property taxes | \$ 9,700 | \$0.10 /sf | | |
| Subtotal: | <u>\$ 155,980</u> | | <u>\$ 16,262</u> | |
| Potential Cost Offsets | | | | |
| Revenue from retail at Parking Structure | \$ 16,262 | | | |
| T.I. cost recovery from future lease | | | 30% \$ 117,600 | see note 3 |
| | | | Net One-time Cost: | <u>\$ 390,150</u> |

Notes:

- 1) Does not include utility costs which would be slightly higher for the Acordia Bldg.
- 2) Property taxes on Acordia approximate - need to verify.
- 3) Parking structure space currently has no floor, HVAC or interior finish of any kind, hence the very low rental amount based on the proposal from a master developer.
Future lease rental of this space would be enhanced by some of the tenant improvements proposed.
- 4) Parking structure rent is paid to the transit fund.

RESOLUTION NO. 2003-220

A RESOLUTION OF THE LODI CITY COUNCIL REJECTING ALL BIDS FOR TENANT IMPROVEMENTS TO THE LODI STATION PARKING STRUCTURE, AND FURTHER AUTHORIZING AND DIRECTING THE CITY MANAGER TO NEGOTIATE ANY AND ALL NECESSARY CONTRACTS AND AGREEMENTS TO LEASE THE ACORDIA BUILDING, LOCATED AT 300 WEST PINE STREET, AND FURTHER STIPULATING THAT THE FINAL APPROVAL OF THE CONTRACTS AND AGREEMENTS WOULD DEPEND ON THE INCLUSION OF AN ESCAPE CLAUSE

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WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on October 21, 2003, at 11:00 a.m. for Parking Structure Tenant Improvements, described in the specifications therefore approved by the City Council on March 19, 2003; and

WHEREAS, said bids have been compared, checked, and tabulated and a report thereof filed with the City Manager as follows:

| Bidder/Location | Bid |
|----------------------------------------|---------------------|
| Engineer's Estimate | \$290,000.00 |
| McFadden Construction, Stockton | \$392,000.00 |
| Barham, Inc., Ceres | \$394,993.00 |
| Diede Construction, Woodbridge | \$401,000.00 |
| McDonald Glenn Company, Manteca | \$415,989.00 |
| American River Construction, El Dorado | \$426,000.00 |

WHEREAS, during the bidding process, the City of Lodi received an offer to lease space at 300 West Pine Street, commonly known as the Acordia Building; and

WHEREAS, the City Council at its meeting of November 19, 2003, determined that rejecting the bids for the Parking Structure Tenant Improvements and authorizing the City Manager to negotiate any and all necessary contracts and agreements for lease of the Acordia Building, located at 300 West Pine Street, would be in the best interest of the City at this point in time; and

WHEREAS, the City Council further stipulated that final approval of the contracts and agreements would depend on the inclusion of an escape clause therein.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby reject all bids for Tenant Improvements to the Lodi Station Parking Structure, authorizes and directs the City Manager to negotiate any and all necessary contracts and agreements for the lease of the Acordia Building, located at 300 West Pine Street, and further stipulates that the final approval of the contracts and agreements would depend on the inclusion of an escape clause therein.

Dated: November 19, 2003

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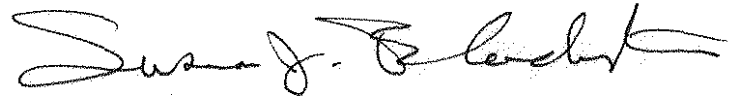
I hereby certify that Resolution No. 2003-220 was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 19, 2003, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, and Land

NOES: COUNCIL MEMBERS – Mayor Hitchcock

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

A handwritten signature in black ink, appearing to read "Susan J. Blackston", with a stylized flourish at the end.

SUSAN J. BLACKSTON
City Clerk

CITY COUNCIL

SUSAN HITCHCOCK, Mayor
EMILY HOWARD
Mayor Pro Tempore
JOHN BECKMAN
LARRY D. HANSEN
KEITH LAND

CITY OF LODI
PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6710
EMAIL pwdept@lodi.gov
<http://www.lodi.gov>

H. DIXON FLYNN
City Manager
SUSAN J. BLACKSTON
City Clerk
RANDALL A. HAYS
City Attorney
RICHARD C. PRIMA, JR.
Public Works Director

November 13, 2003

Mr. Larry Wenell
Wenell Mattheis Bowe
246 E. Main Street
Stockton, CA 95202

SUBJECT: Direct City Manager Regarding Finance Department Office Space and
Authorize City Manager to Execute or Reject Necessary Contracts and
Agreements

Enclosed is a copy of background information on an item on the City Council agenda of
Wednesday, November 19, 2003. The meeting will be held at 7 p.m. in the
City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the regular calendar for Council discussion. You are welcome to attend.

If you wish to write to the City Council, please address your letter to City Council,
City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the
mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's
card (available at the Carnegie Forum immediately prior to the start of the meeting) and
give it to the City Clerk. If you have any questions about communicating with the
Council, please contact Susan Blackston, City Clerk, at 333-6702.

If you have any questions about the item itself, please call Dennis Callahan, Fleet and
Facilities Manager, at 333-6800, extension 2690.

P. Farris

for: Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Enclosure

cc: City Clerk